

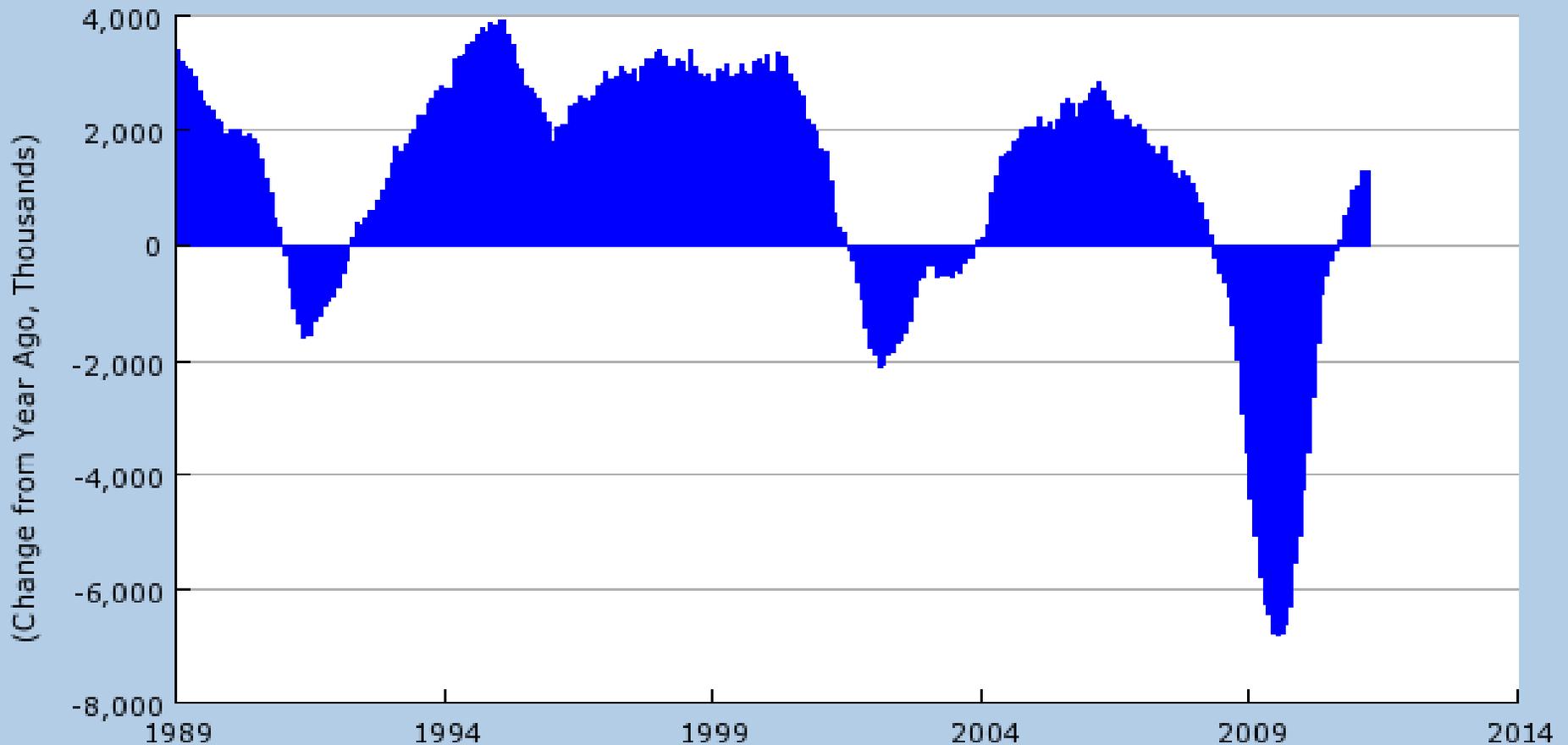


San Diego's 2011-12 Economic Outlook

Marney Cox
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CDAIC April 21, 2011

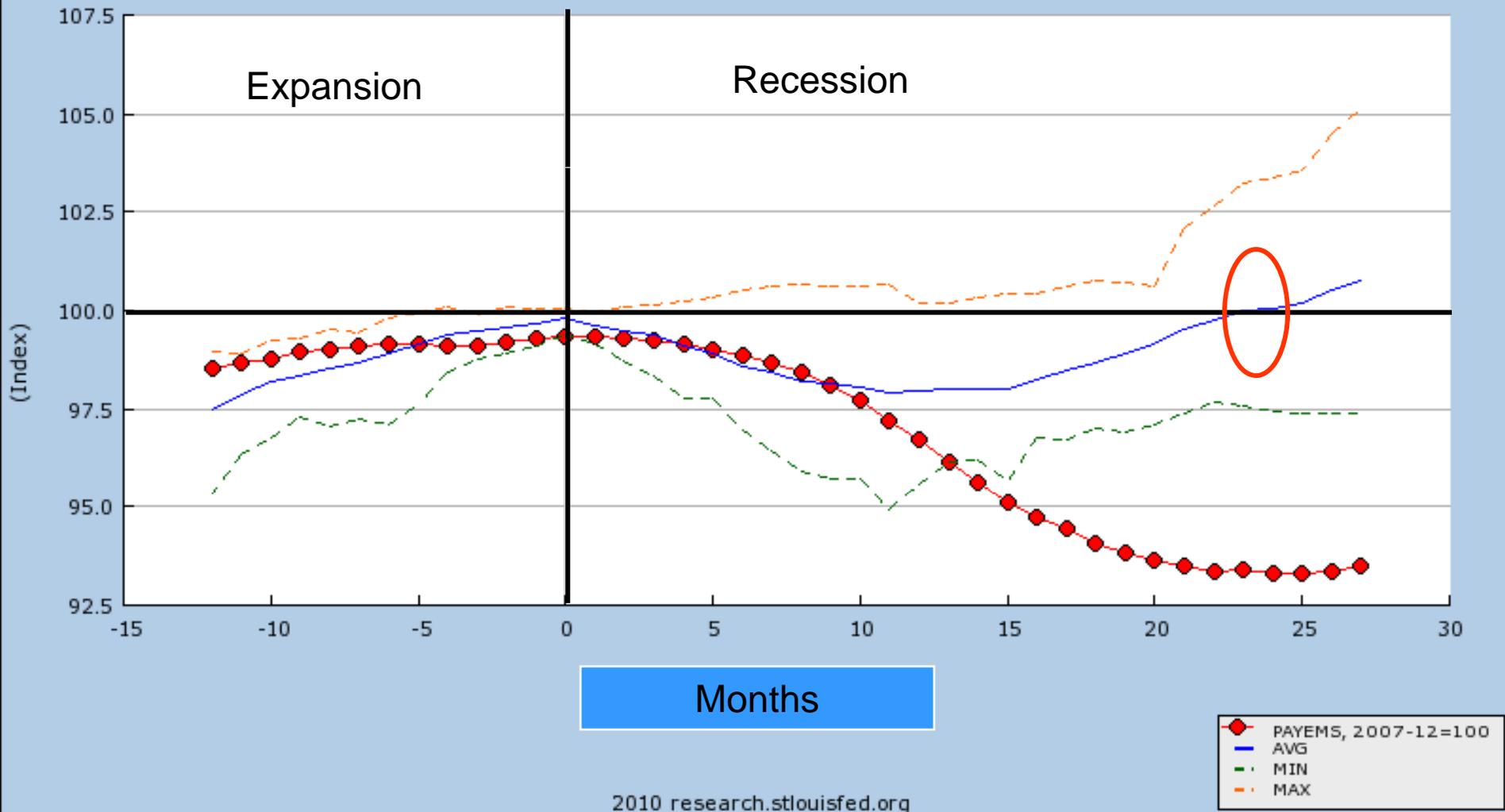
US Payroll Jobs Y-O-Y Change by Month

All Employees: Total nonfarm (PAYEMS)
Source: U.S. Department of Labor: Bureau of Labor Statistics



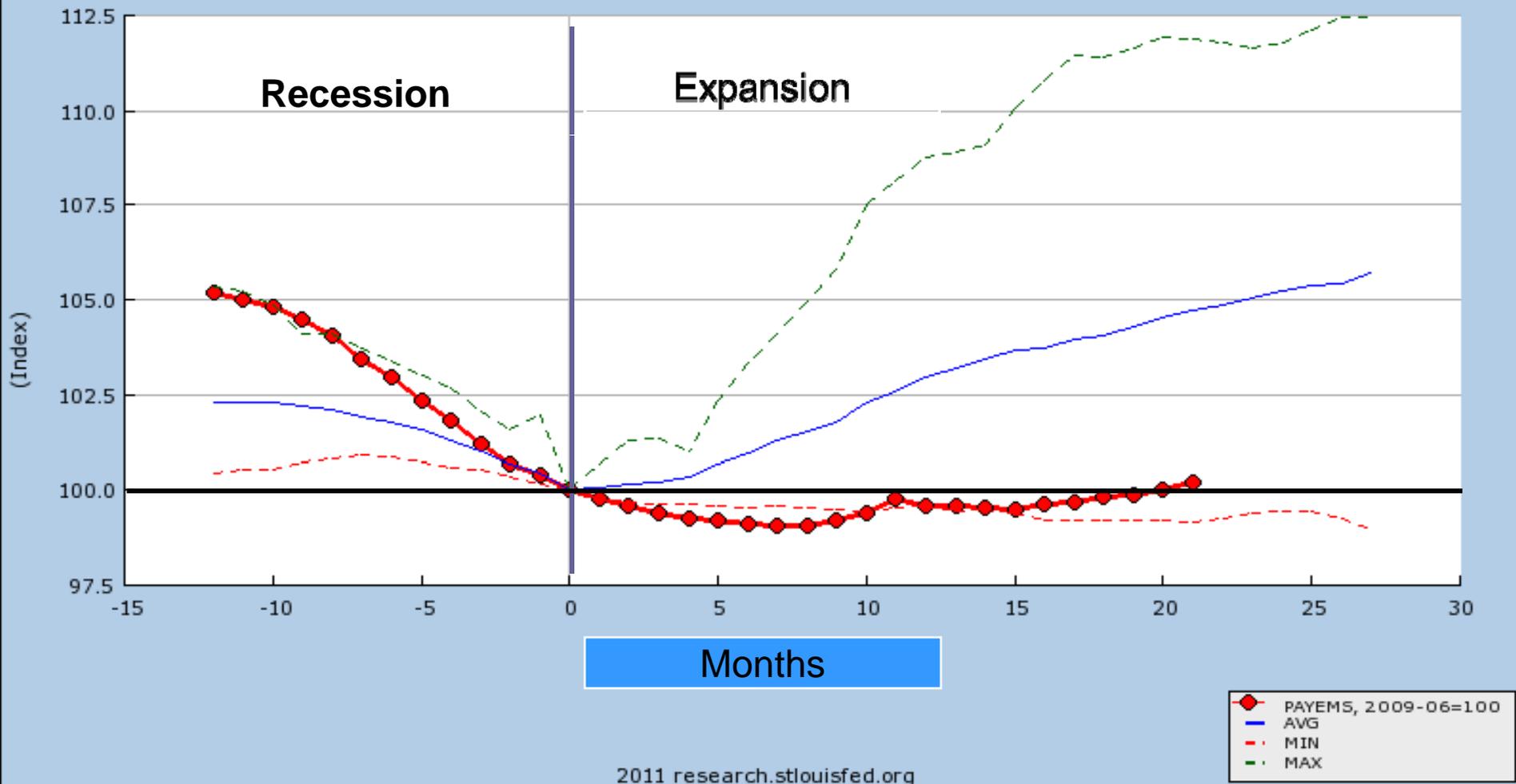
US Payroll Jobs Change During Recession

Total Nonfarm Payrolls: All Employees (PAYEMS)
Source: U.S. Department of Labor: Bureau of Labor Statistics



US Payroll Jobs Change During Expansion

All Employees: Total nonfarm (PAYEMS)
Source: U.S. Department of Labor: Bureau of Labor Statistics



Why Slow Job Growth?

Did Federal Stimulus Expenditures Generate Earnings?

- **Employment Multiplier is zero**
 - Job created is offset by a job lost.
Government spending moves jobs & resources away from private to public
- **Employment Multiplier is one**
 - Each dollar spent adds one dollar to GDP.
Government spends on idle resources.
- **Employment Multiplier exceeds one**
 - Earnings from newly employed resources create jobs for other idle resources.



US \$787 Billion Stimulus Package

Less than 10% of Stimulus Funds Spent Generated Earnings

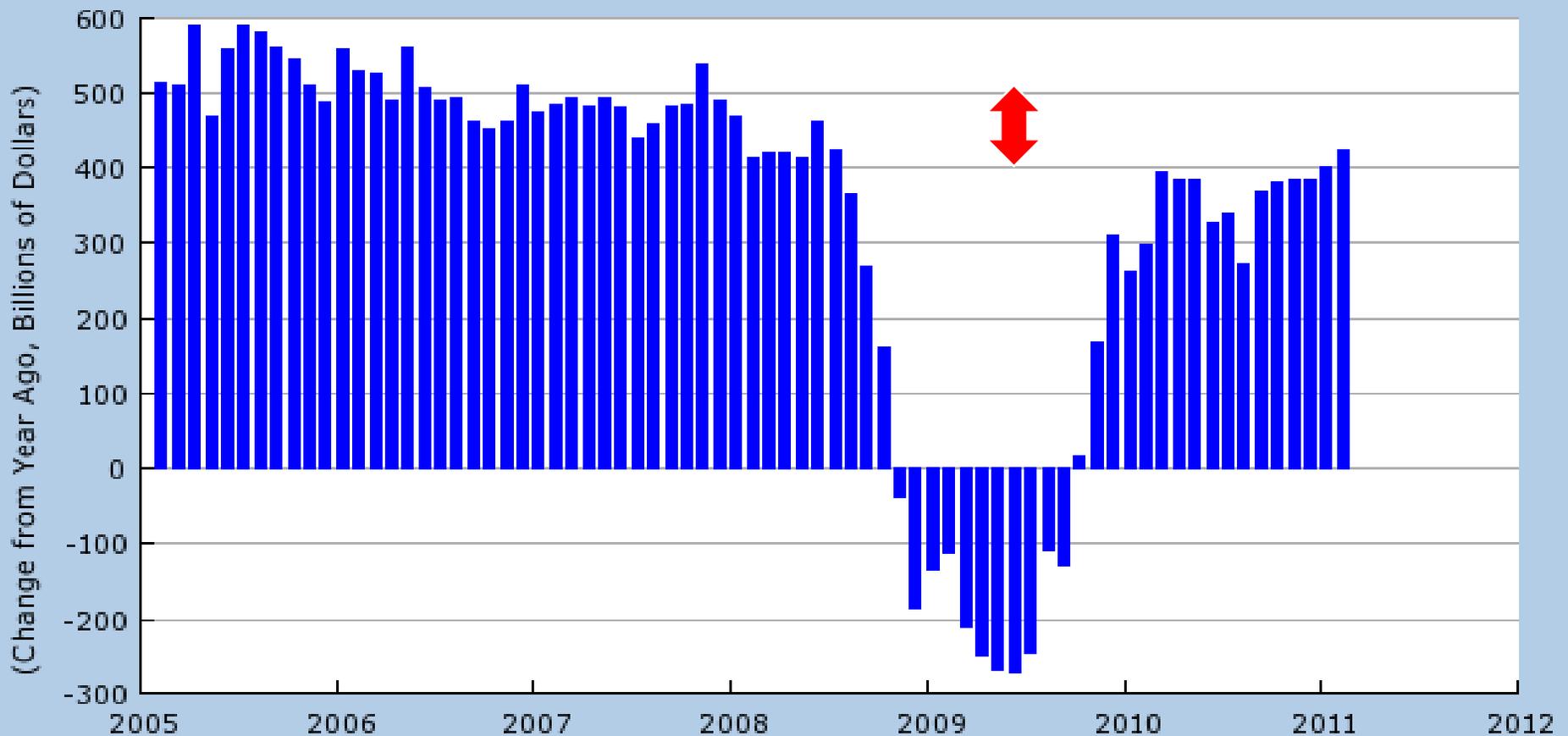
- **Targeted Stimulus (multiplier > 1) \$62B**
 - Tax incentives for homes and cars
 - Education layoff prevention
- **Discretionary Spending (multiplier << 1) \$428B**
 - Jobless benefits
 - Health care for needy
 - Medicaid costs
 - Job training
 - Affordable housing programs
- **Tax Incentives & Breaks (multiplier = 0) \$279B**
 - Renewable energy
 - Home energy efficiency
 - Faster depreciation for capital investments
 - Tax credits for workers



US Consumption Expenditures Y-O-Y Change by Month

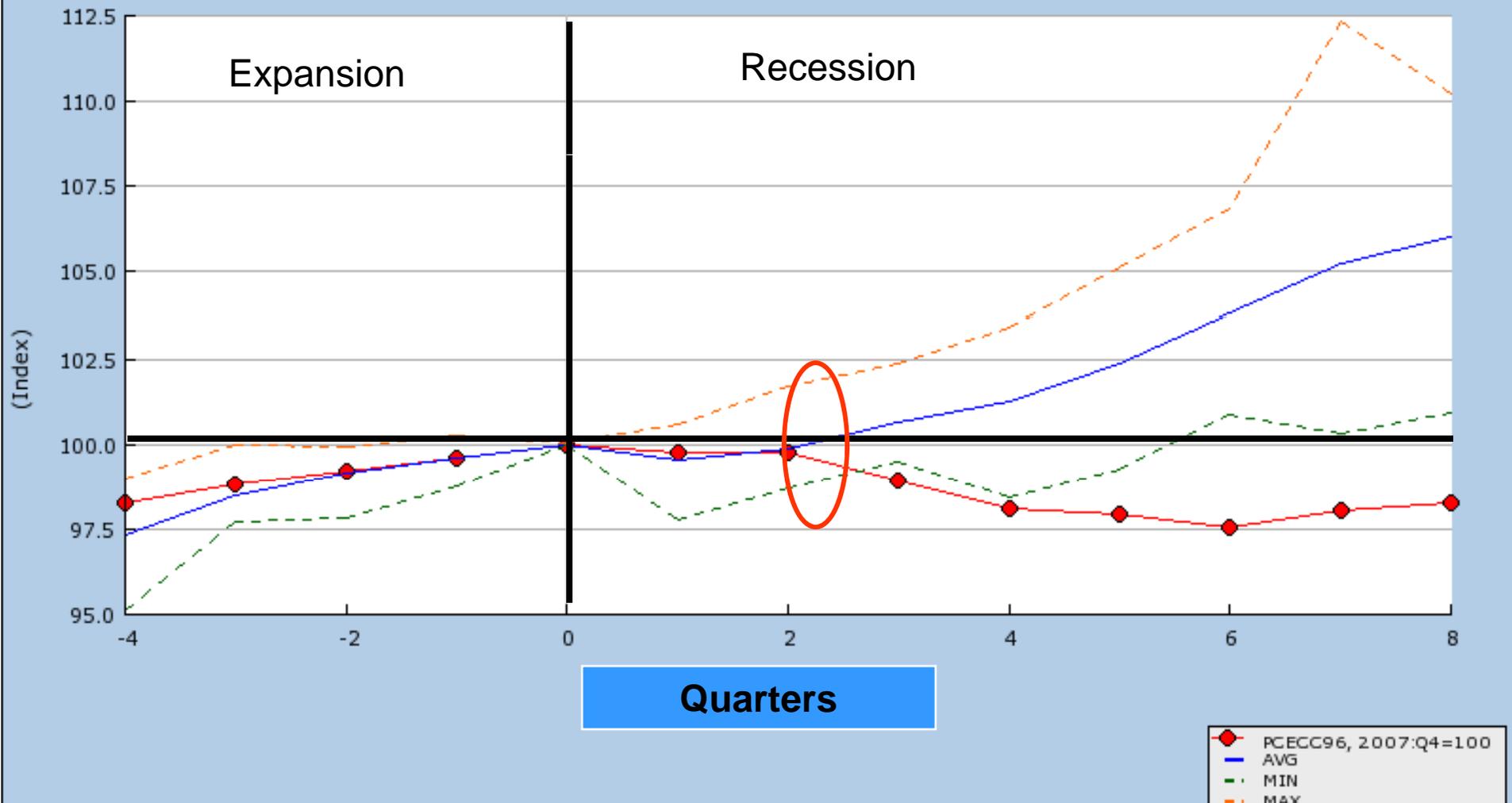
Personal Consumption Expenditures (PCE)

Source: U.S. Department of Commerce: Bureau of Economic Analysis



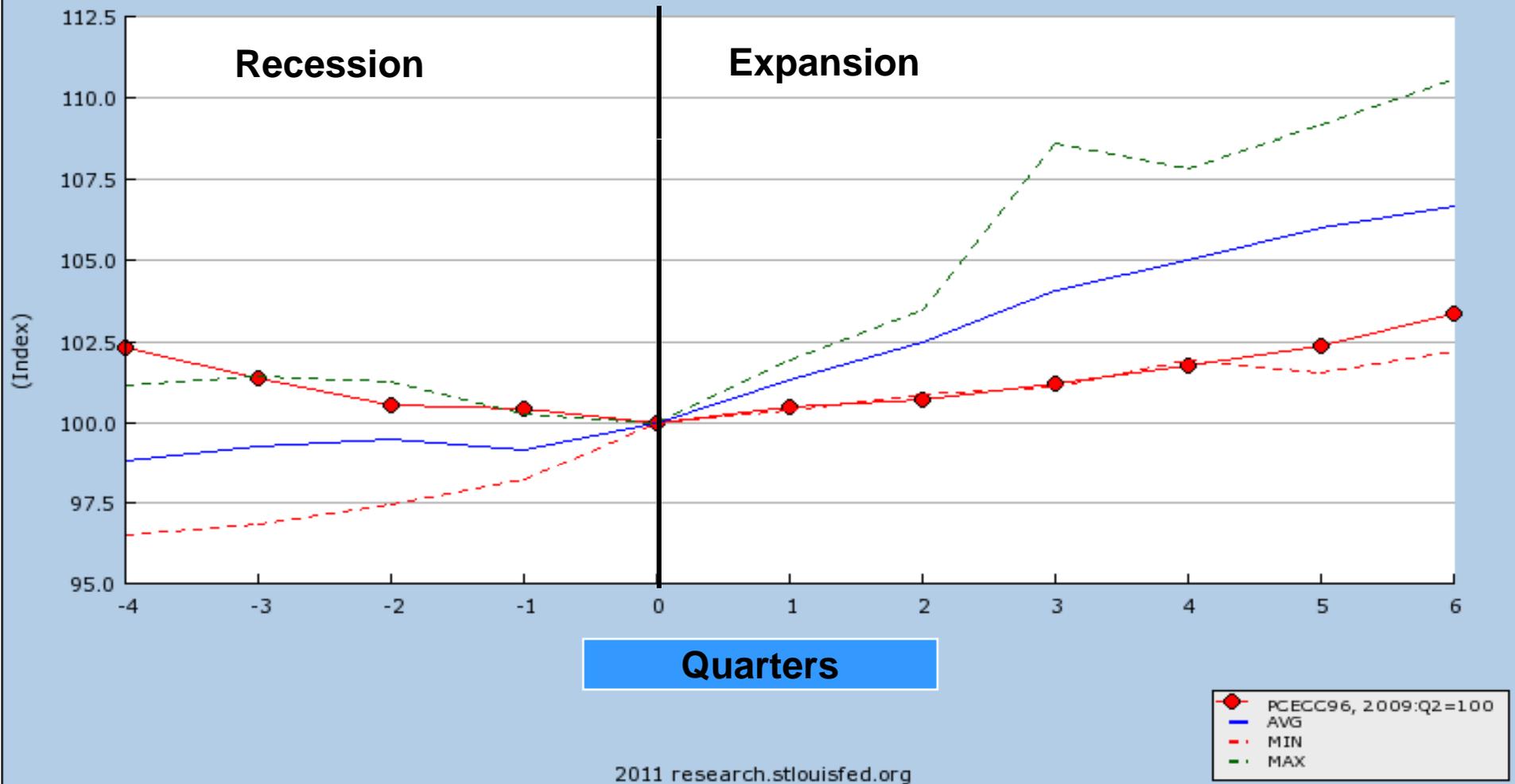
US Consumer Consumption Change During Recession

Real Personal Consumption Expenditures (PCECC96)
Source: U.S. Department of Commerce: Bureau of Economic Analysis



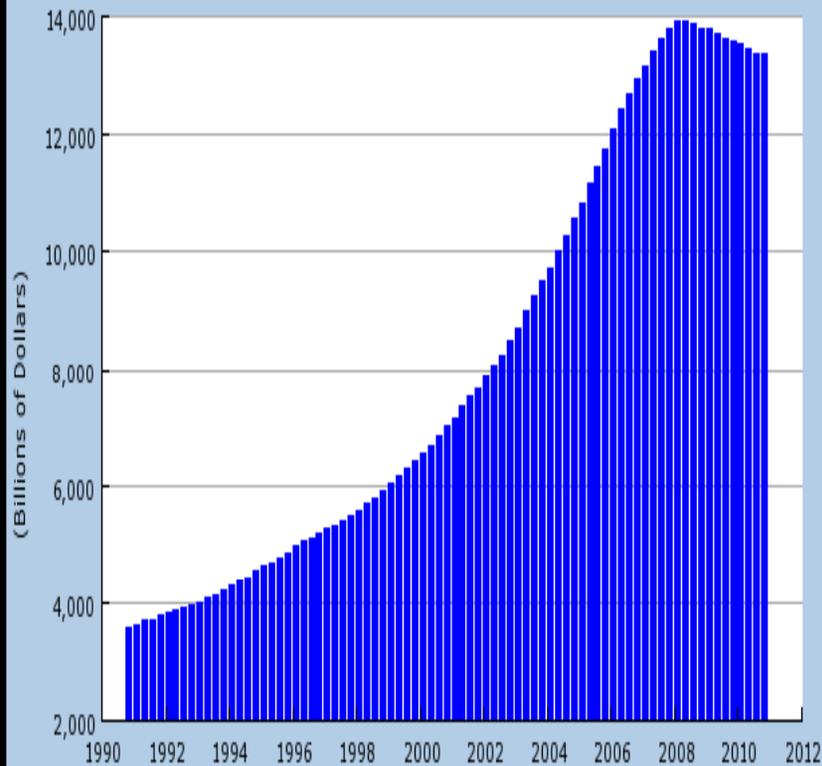
US Consumer Consumption Change During Expansion

Real Personal Consumption Expenditures (PCECC96)
Source: U.S. Department of Commerce: Bureau of Economic Analysis



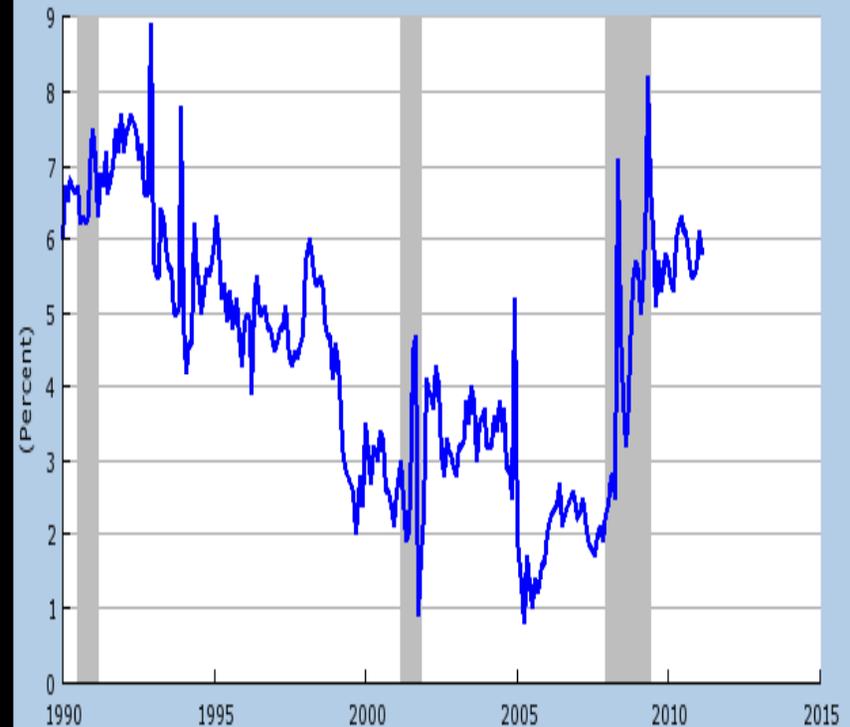
US Contributors to Slow Growth(1)

Household Credit Debt Outstanding



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Personal Savings Rate

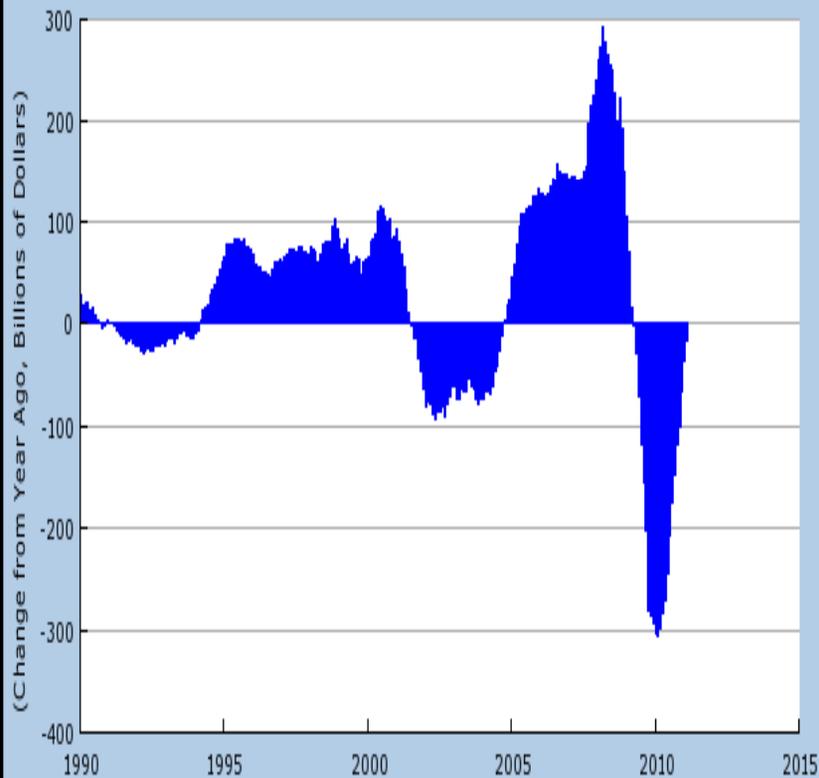


Shaded areas indicate US recessions.

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US Contributors to Slow Growth(2)

Business Loans Y-O-Y Change



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Monetary Base & Excess Reserves

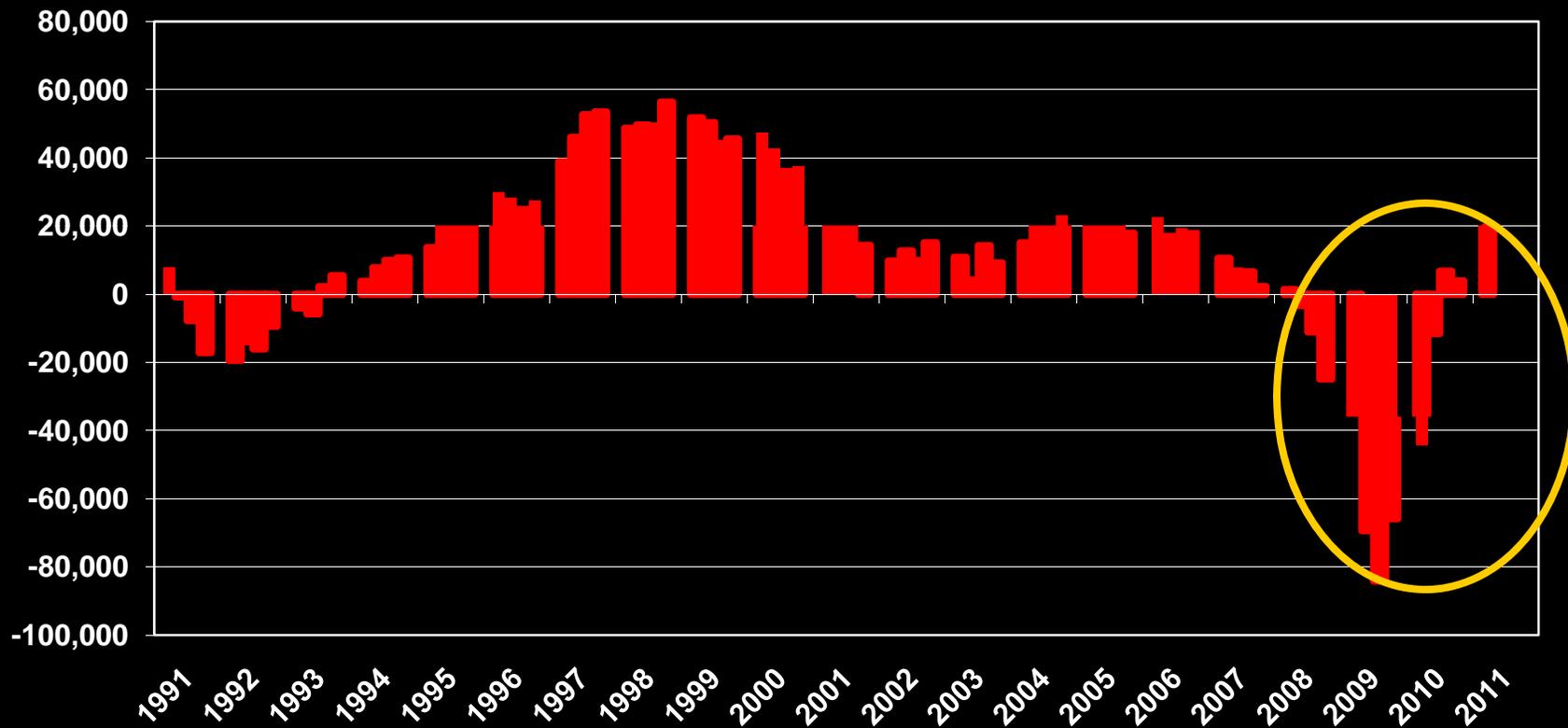


Shaded areas indicate US recessions.

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SD Decline in Payroll Jobs

Change Y-O-Y by Quarter

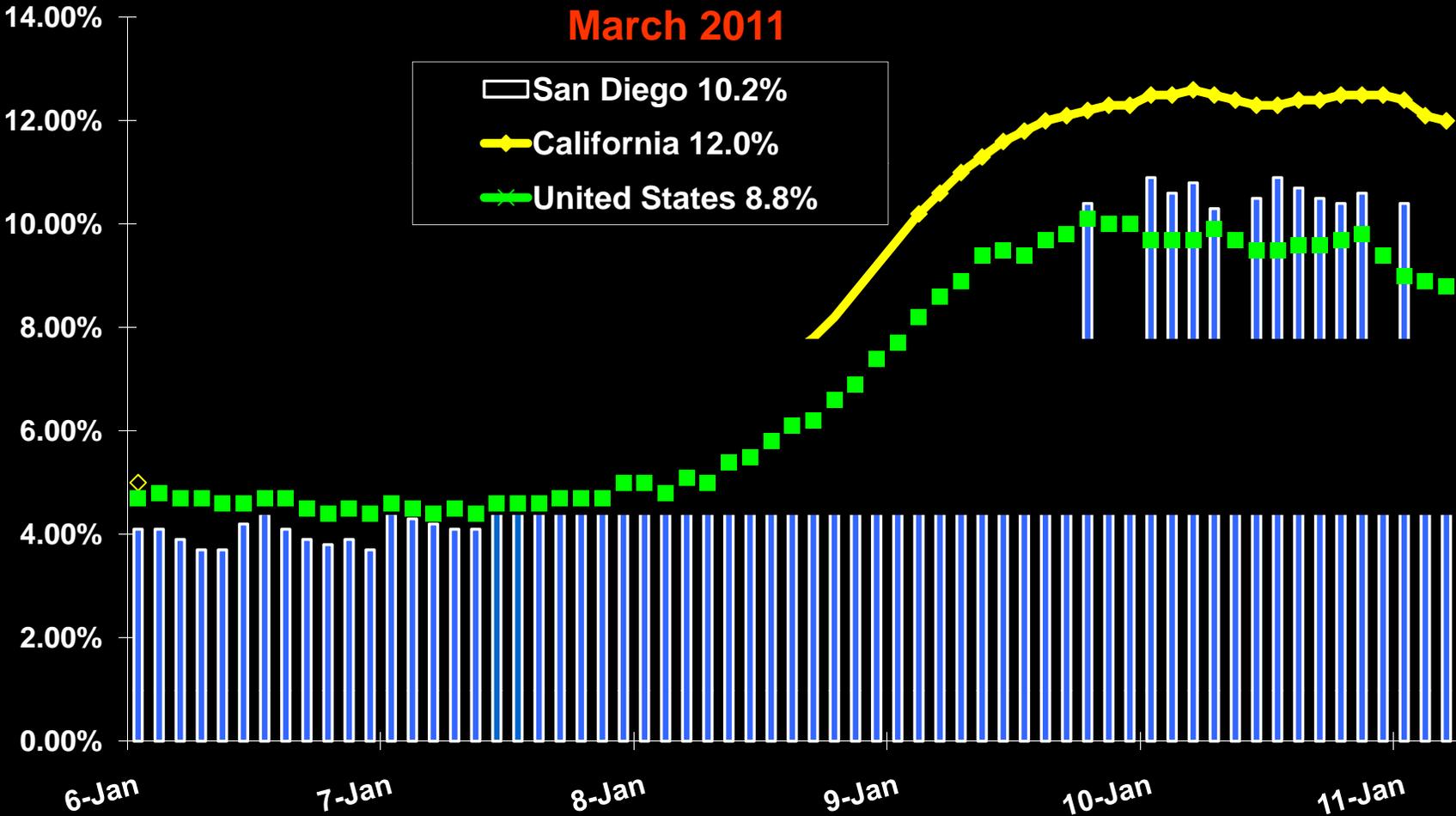


SD Job Change Following Recessions

Percent of Change in Jobs, First 6 Months of Job Growth

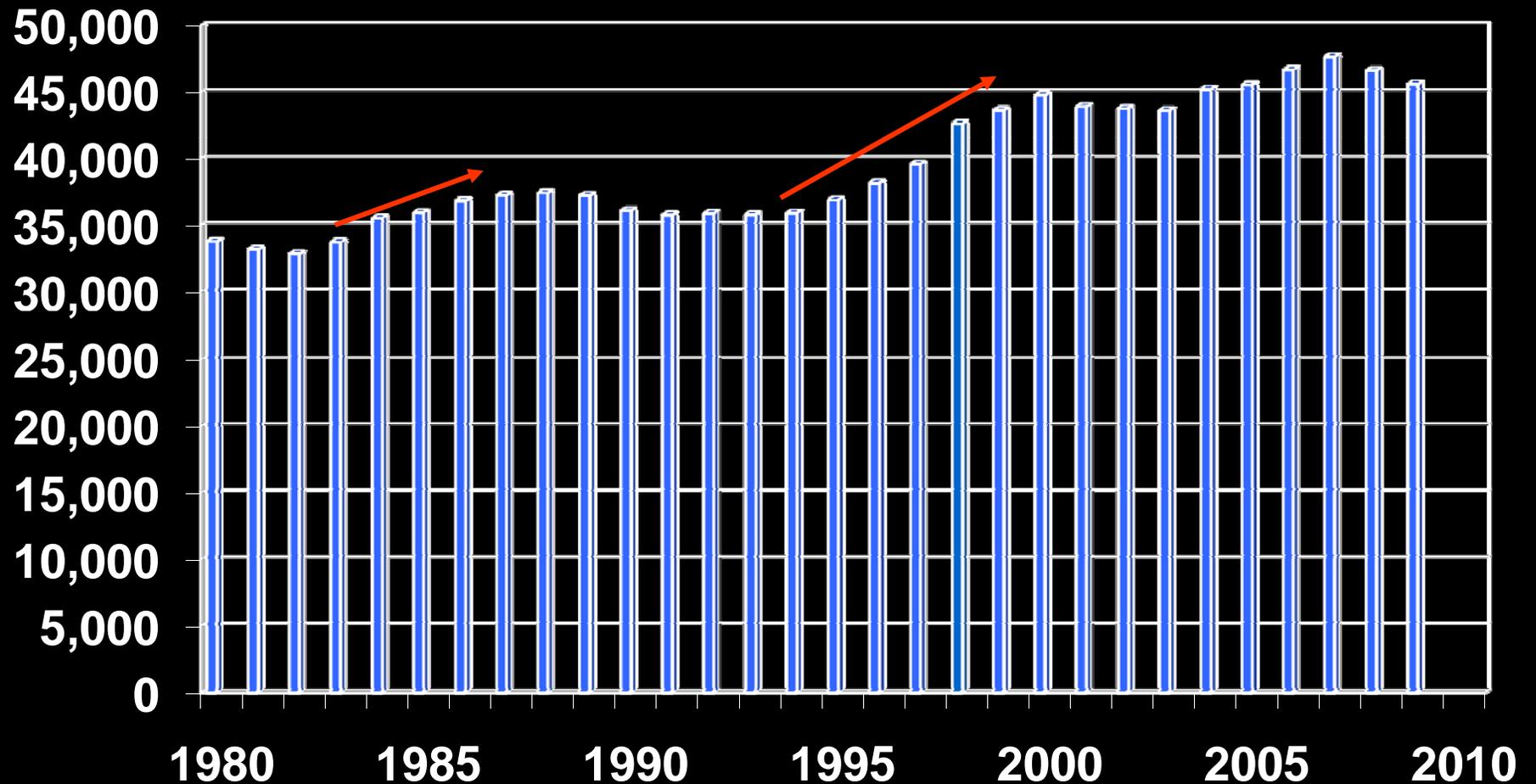
	1993	2010
Job Growth/Decline	11,600/-4000	27,600/-15,700
Professional Services	+ 28%	+ 37%
Government	+ 20%	+ 23%
Education & Health Services	+ 18%	+ 19%
Finance	- 75%	- 17%
Construction	+ 7%	- 45%
Information	+ 10%	- 25%
W & R Trade	+ 15%	- 13%

SD-Monthly Unemployment Rates



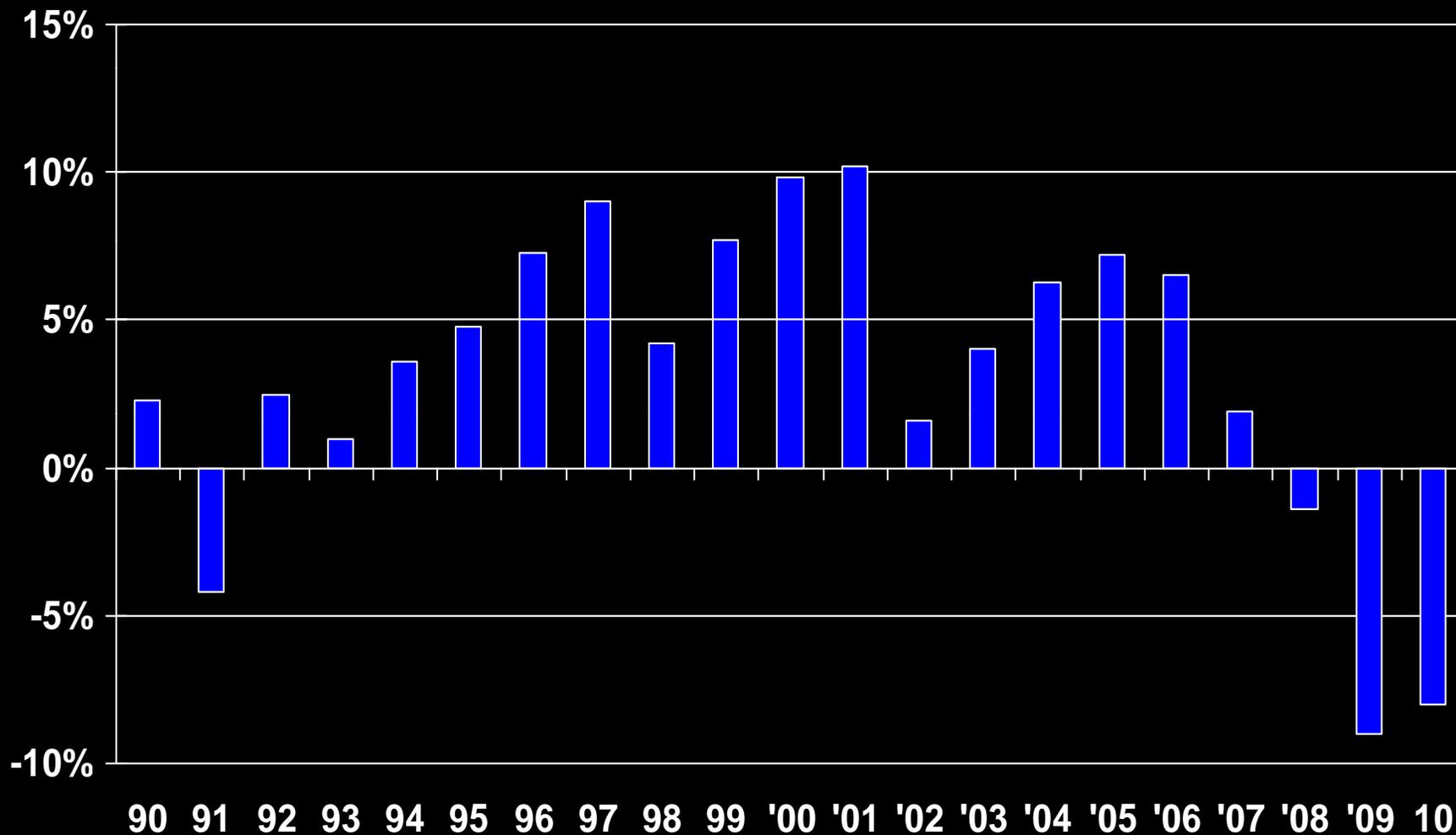
SD Per Capita Income

Real 2009\$, 1980_– 2009



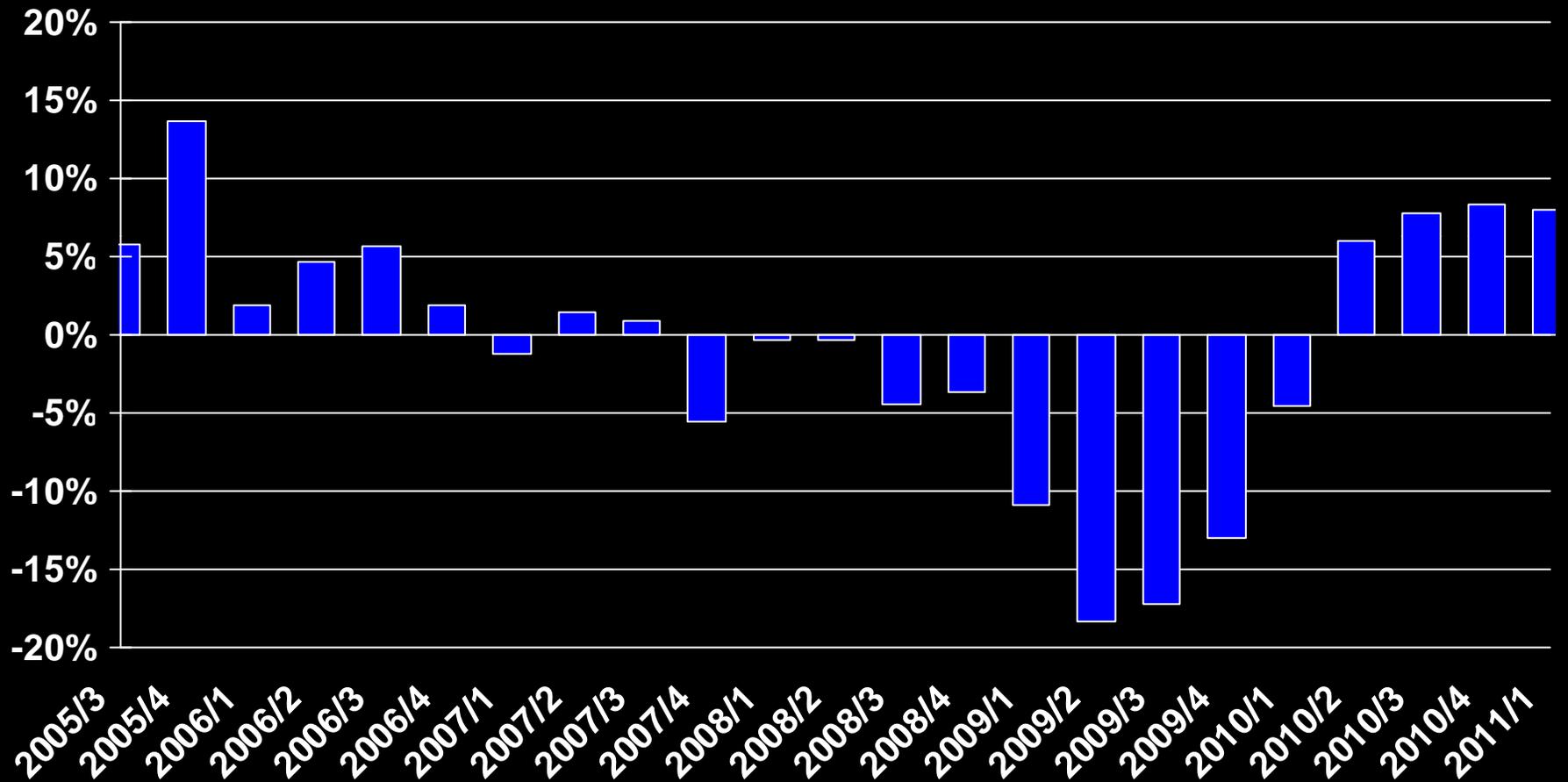
SD Taxable Sales

Y-O-Y Percent Change, **Fiscal Years** 1990-2010



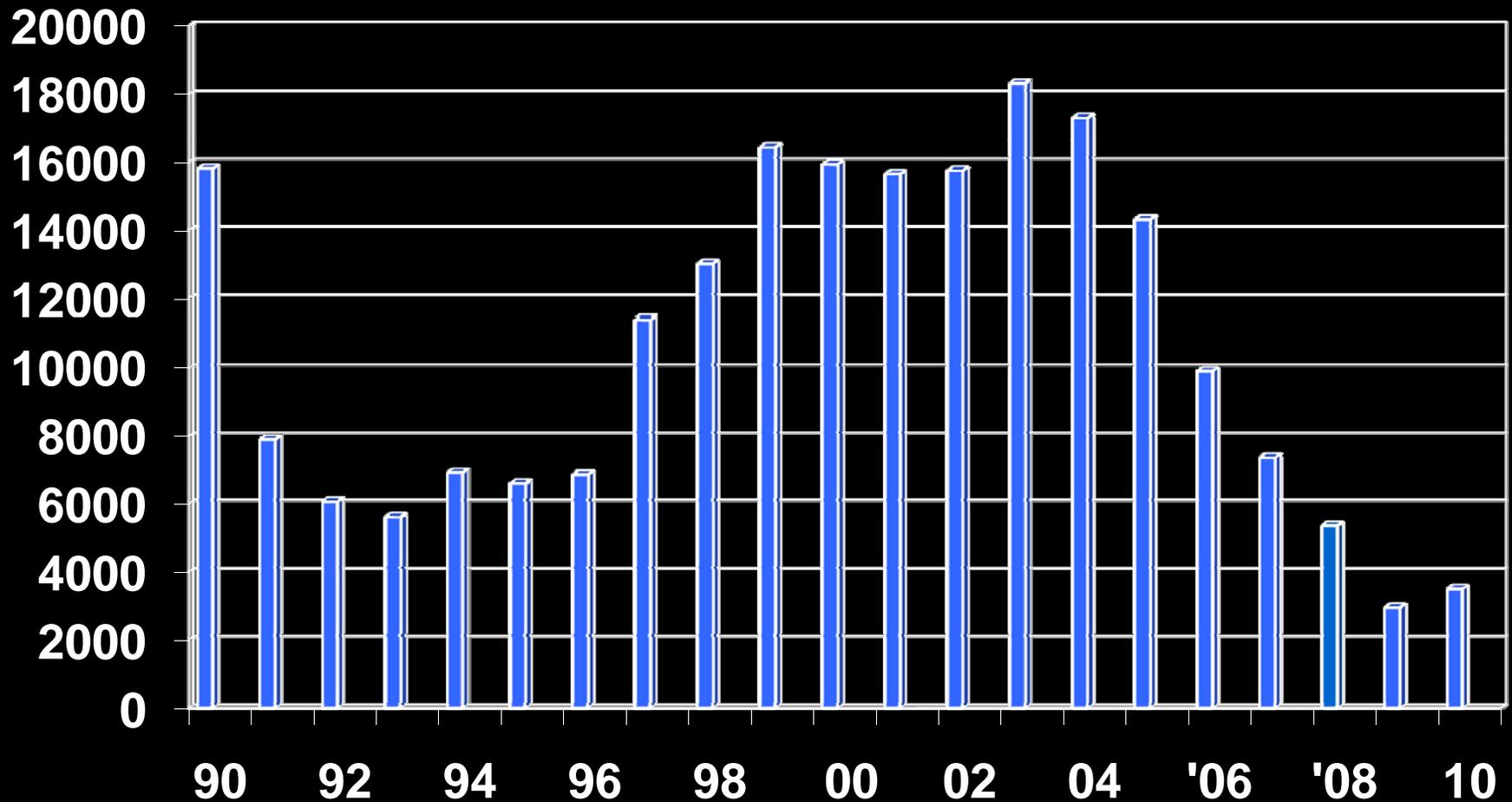
SD Taxable Sales

Y-O-Y Percent Change by Quarter



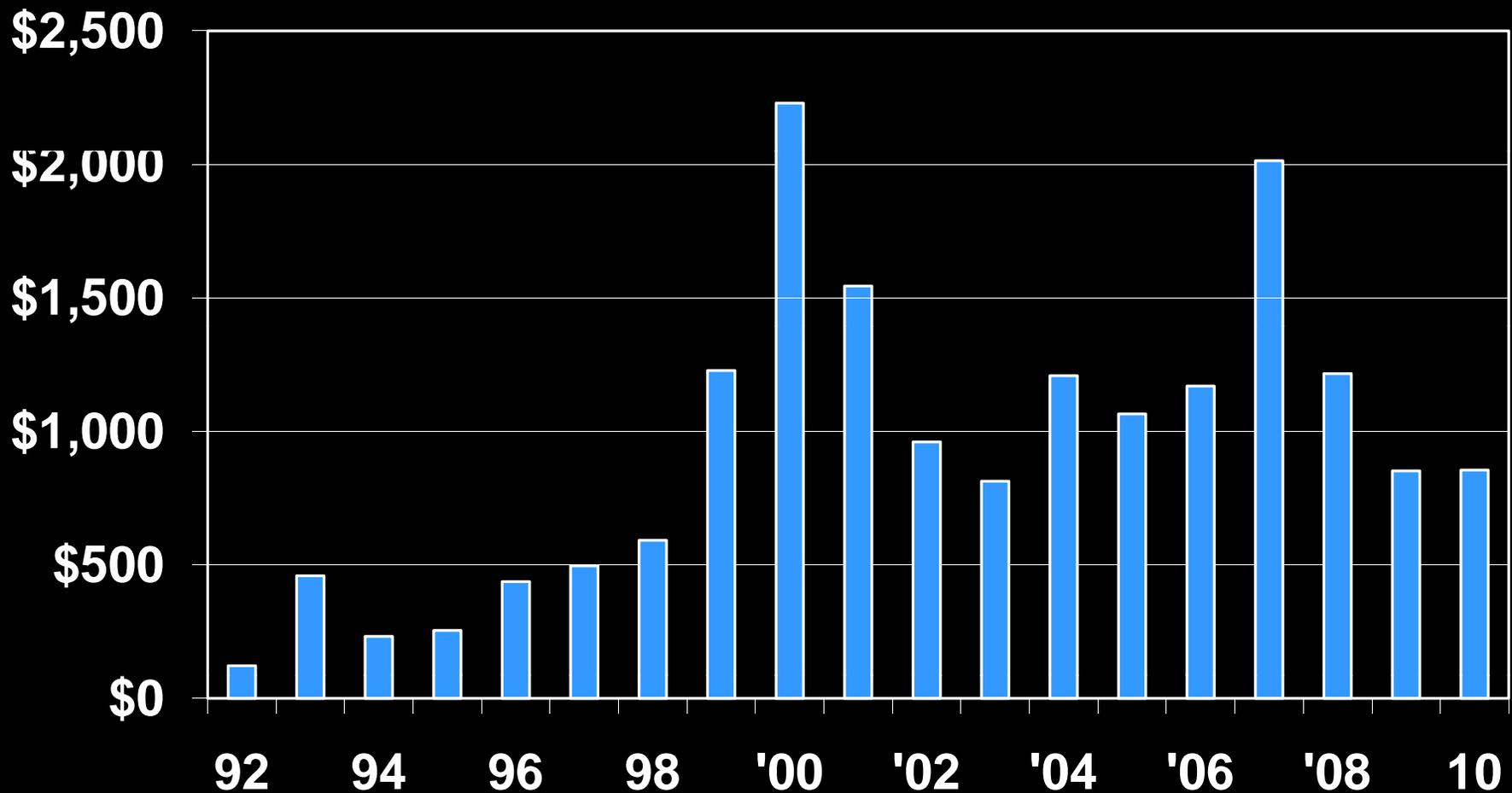
SD Residential Permits

Annual, 1990_– 2010



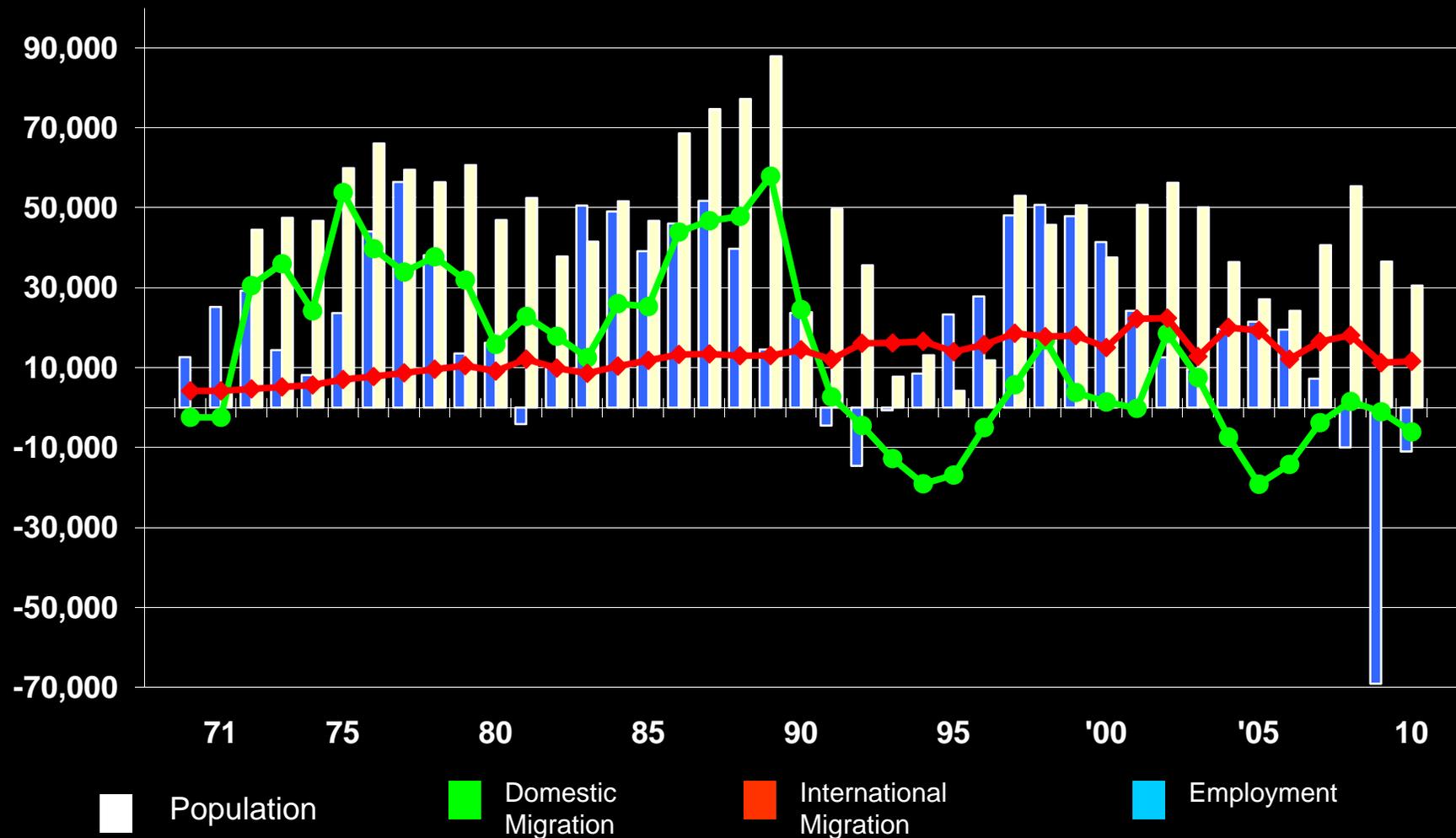
SD Venture Capital Funds

Resources for High Tech Jobs, M\$ per Year



SD Population Growth Slowing

Annual Change Population, Dom & Intl Migration, Employment 1971-2008



2011-12 **SD Outlook** Summary

“Slow Growth Followed by Slower Growth”

- **Slow Job Growth**
- **U-Rate moving down slowly**
- **Cautious Consumer**
- **Moderate Home Price Declines**
- **Moderate VC Investment**
- **Follow US out of Recession**
- **Downside Risks to Forecast**
- **Defense Cutbacks**
- **Rising State Debt**
- **State’s Competitiveness**





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